

**AUDIT REPORT
OF
CUSTER COUNTY**

JULY 1, 2020, THROUGH JUNE 30, 2021

**This document is an official public record of the State of Nebraska, issued by
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
document and may be prohibited by law.**

Issued on October 5, 2021

CUSTER COUNTY

TABLE OF CONTENTS

	<u>Page</u>
List of County Officials	1
Financial Section	
Independent Auditor's Report	2 - 3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	4
Statement of Activities - Cash Basis	5
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	6
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	7
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Fiduciary Funds	8
Notes to Financial Statements	9 - 16
Combining Statements and Schedules:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	17 - 18
Budgetary Comparison Schedule - Budget and Actual - Major Funds	19
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	20 - 23
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Governmental Funds	24 - 27
Schedule of Office Activities	28
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	29
Schedule of Expenditures of Federal Awards	30
Notes to the Schedule of Expenditures of Federal Awards	31
Government Auditing Standards Section	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	32 - 33
Report on Compliance for each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	34 - 35
Schedule of Findings and Questioned Costs	36 - 37
Auditee Section	
Schedule of Prior Audit Findings	38
Corrective Action Plan	39

CUSTER COUNTY
431 S. 10th St.
Broken Bow, NE 68822

LIST OF COUNTY OFFICIALS
At June 30, 2021

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Barry Fox	Jan. 2023
	Lynn Longmore	Jan. 2025
	Tammy Kleeb	Jan. 2025
	Doug Stunkel	Jan. 2023
	Donald Olson	Jan. 2023
	Dwain Bryner	Jan. 2025
	Robert Myers	Jan. 2023
Assessor	Lana Lymber	Jan. 2023
Attorney	Steven Bowers	Jan. 2023
Clerk Election Commissioner	Conni Gracey	Jan. 2023
Register of Deeds	Christie Trumbull	Jan. 2023
Clerk of the District Court	Amy Oxford	Jan. 2023
Sheriff	Dan Osmond	Jan. 2023
Treasurer	Sheri Bryant	Jan. 2023
Surveyor	Jay Gormley	Jan. 2023
Veterans' Service Officer	Emory Haynes	Appointed
Highway Superintendent	Chris Jacobsen	Appointed
Planning & Zoning	Darci Tibbs	Appointed
Emergency Manager/Communications	Mark Rempe	Appointed
Recycling Center	Kelly Flynn	Appointed
Weed Superintendent	Tim Conover	Appointed



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

CUSTER COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Custer County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Custer County, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Custer County as of June 30, 2021, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matters – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

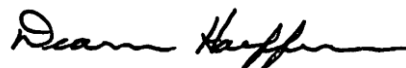
Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, schedule of expenditures of Federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, schedule of expenditures of Federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and schedule of taxes certified and collected, pages 17-30, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2021, on our consideration of Custer County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Custer County's internal control over financial reporting and compliance.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

September 29, 2021

CUSTER COUNTY
STATEMENT OF NET POSITION - CASH BASIS
June 30, 2021

	Governmental Activities
<hr/>	
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 11,056,958
Investments (Note 1.D)	1,985,121
TOTAL ASSETS	<hr/> \$ 13,042,079 <hr/>
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 49,485
911 Emergency Services	207,757
Drug Education	3,078
Law Enforcement	41,522
Preservation of Records	20,381
Debt Service	36,071
Road Maintenance	964,861
Economic Development	225,452
COVID-19 Pandemic Response	1,046,653
Unrestricted	10,446,819
TOTAL NET POSITION	<hr/> \$ 13,042,079 <hr/>

The notes to the financial statements are an integral part of this statement.

CUSTER COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2021

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (3,598,667)	\$ 713,365	\$ 1,316,599	\$ (1,568,703)
Public Safety	(2,057,434)	68,876	256,597	(1,731,961)
Public Works	(7,946,729)	254,830	4,371,975	(3,319,924)
Public Assistance	(89,668)	-	-	(89,668)
Culture and Recreation	(109,509)	-	-	(109,509)
Debt Payments	(218,710)	-	-	(218,710)
Capital Outlay	(25,546)	-	-	(25,546)
Total Governmental Activities	<u>\$ (14,046,263)</u>	<u>\$ 1,037,071</u>	<u>\$ 5,945,171</u>	<u>(7,064,021)</u>
General Receipts:				
Property Taxes				7,735,156
Grants and Contributions Not Restricted to Specific Programs				1,230,556
Investment Income				38,169
Licenses and Permits				51,337
Railroad Reimbursements				150,000
Miscellaneous				257,880
Total General Receipts				<u>9,463,098</u>
Increase in Net Position				2,399,077
Net Position - Beginning of year				10,643,002
Net Position - End of year				<u>\$ 13,042,079</u>

The notes to the financial statements are an integral part of this statement.

CUSTER COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents (Note 1.D)	\$ 2,698,050	\$ 2,488,089	\$ 1,738,159	\$ 4,132,660	\$ 11,056,958
Investments (Note 1.D)	-	-	1,985,121	-	1,985,121
TOTAL ASSETS	<u>\$ 2,698,050</u>	<u>\$ 2,488,089</u>	<u>\$ 3,723,280</u>	<u>\$ 4,132,660</u>	<u>\$ 13,042,079</u>
FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	49,485	49,485
911 Emergency Services	-	-	-	207,757	207,757
Drug Education	-	-	-	3,078	3,078
Law Enforcement	-	-	-	41,522	41,522
Preservation of Records	-	-	-	20,381	20,381
Debt Service	-	-	-	36,071	36,071
Road Maintenance	-	-	-	964,861	964,861
Economic Development	-	-	-	225,452	225,452
COVID-19 Pandemic Response	-	-	-	1,046,653	1,046,653
Committed to:					
Law Enforcement	-	-	-	162,389	162,389
Road Maintenance	-	2,488,089	-	-	2,488,089
Aid and Assistance	-	-	-	101,753	101,753
Miscellaneous Projects	-	-	-	829,232	829,232
Disaster Recovery	-	-	-	444,026	444,026
Assigned to:					
Other Purposes	-	-	3,723,280	-	3,723,280
Unassigned	2,698,050	-	-	-	2,698,050
TOTAL CASH BASIS FUND BALANCES	<u>\$ 2,698,050</u>	<u>\$ 2,488,089</u>	<u>\$ 3,723,280</u>	<u>\$ 4,132,660</u>	<u>\$ 13,042,079</u>

The notes to the financial statements are an integral part of this statement.

CUSTER COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 6,661,429	\$ -	\$ 612,838	\$ 460,889	\$ 7,735,156
Licenses and Permits	51,337	-	-	-	51,337
Investment Income	33,952	-	-	4,217	38,169
Intergovernmental	1,418,415	3,890,929	-	1,866,383	7,175,727
Charges for Services	751,820	254,830	-	30,421	1,037,071
Miscellaneous	65,623	257,600	-	84,657	407,880
TOTAL RECEIPTS	<u>8,982,576</u>	<u>4,403,359</u>	<u>612,838</u>	<u>2,446,567</u>	<u>16,445,340</u>
DISBURSEMENTS					
General Government	3,275,380	-	44,263	279,024	3,598,667
Public Safety	1,625,503	-	-	431,931	2,057,434
Public Works	285,445	7,363,920	-	297,364	7,946,729
Public Assistance	89,668	-	-	-	89,668
Culture and Recreation	-	-	-	109,509	109,509
Debt Service:					
Principal Payments	-	-	-	190,000	190,000
Interest and Fiscal Charges	-	-	-	28,710	28,710
Capital Outlay	-	-	-	25,546	25,546
TOTAL DISBURSEMENTS	<u>5,275,996</u>	<u>7,363,920</u>	<u>44,263</u>	<u>1,362,084</u>	<u>14,046,263</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>3,706,580</u>	<u>(2,960,561)</u>	<u>568,575</u>	<u>1,084,483</u>	<u>2,399,077</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	11,232	3,696,125	-	471,237	4,178,594
Transfers out	(3,696,125)	-	(250,000)	(232,469)	(4,178,594)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,684,893)</u>	<u>3,696,125</u>	<u>(250,000)</u>	<u>238,768</u>	<u>-</u>
Net Change in Fund Balances	21,687	735,564	318,575	1,323,251	2,399,077
CASH BASIS FUND BALANCES - BEGINNING	<u>2,676,363</u>	<u>1,752,525</u>	<u>3,404,705</u>	<u>2,809,409</u>	<u>10,643,002</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 2,698,050</u>	<u>\$ 2,488,089</u>	<u>\$ 3,723,280</u>	<u>\$ 4,132,660</u>	<u>\$ 13,042,079</u>

The notes to the financial statements are an integral part of this statement.

CUSTER COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2021

	Custodial Funds			
	Fund Balances July 1, 2020 (as restated)	Receipts	Disbursements	Fund Balances June 30, 2021
ASSETS				
Cash and Cash Equivalents	\$ 1,371,982	\$45,570,208	\$ 45,709,619	\$ 1,232,571
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	319,373	3,618,348	3,662,824	274,897
State - Collected by Other Offices	14,852	172,735	172,760	14,827
Schools	644,188	29,336,853	29,590,632	390,409
Educational Service Units	8,265	544,246	548,045	4,466
Technical College	40,800	2,698,646	2,717,240	22,206
Natural Resource Districts	18,626	1,123,745	1,133,800	8,571
Fire Districts	9,490	665,548	670,188	4,850
Municipalities	82,351	2,489,455	2,460,762	111,044
Agricultural Society	2,612	176,587	177,727	1,472
Reclamation Districts	496	59,345	59,474	367
Townships	81,160	1,952,325	1,953,904	79,581
Cemetery Districts	186	8,865	8,988	63
Hospital	6,662	321,866	325,315	3,213
Others - Collected by County Treasurer	82,178	1,178,732	1,214,517	46,393
Others - Collected by Other Offices	60,743	1,222,912	1,013,443	270,212
TOTAL LIABILITIES	\$ 1,371,982	\$45,570,208	\$ 45,709,619	\$ 1,232,571
TOTAL NET POSITION	\$ -	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.

CUSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

1. **Summary of Significant Accounting Policies**

The following is a summary of the significant accounting policies utilized in the accounting system of Custer County.

A. Reporting Entity

Custer County, Nebraska, (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State). The County is managed by county officials who are elected on a political ballot for four-year terms. As a political subdivision of the State, the County is exempt from State and Federal income taxes. The financial statements include all funds of the County that are not legally separate. The County has also considered all potential component units for which it is financially accountable, as well as other organizations that are either fiscally dependent on the County or maintain a significant relationship with the County, such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County. The County is also considered financially accountable if an organization is fiscally dependent on and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the County (the primary government). No component units were identified.

Joint Organization.

Behavioral Health Region III – The County has entered into an agreement with surrounding counties and the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. Region III (Region) consists of the following counties: Blaine, Loup, Garfield, Wheeler, Custer, Valley, Greeley, Sherman, Howard, Buffalo, Hall, Phelps, Kearney, Adams, Clay, Furnas, Harlan, Hamilton, Merrick, Franklin, Webster, and Nuckolls.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$28,429 toward the operation of the Region during fiscal year 2021. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

Health Department – The County has entered into an agreement with the Loup Basin Public Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2018).

CUSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2021. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (2021 Neb. Laws, LB 528, § 51). Financial information for the Department is available in that report.

B. Basis of Presentation

Government-Wide Financial Statements. The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities. Internal activities in these statements were considered immaterial and have not been eliminated. Governmental Generally Accepted Accounting Principles (GAAP) requires internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions. The Statement of Net Position presents the County's non-fiduciary assets in two categories:

Restricted. This category results when constraints are externally imposed on net asset use by creditors, grantors, or contributors, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources as they are needed.

Unrestricted. This category represents resources that do not meet the definition of the preceding category. Unrestricted resources often have constraints on resources that are imposed by management, but those constraints can be removed or modified.

The statement of activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include the following: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category – governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify, or rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

CUSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for financial resources of the general government, except those required to be accounted for in another fund.

Road Fund. This fund is used to account for costs associated with the repair and maintenance of roads and bridges and is primarily funded by State tax receipts.

Inheritance Fund. This fund is used to account for the receipts generated from inheritance taxes and is used for various projects.

The County reports the following additional non-major governmental fund types:

Special Revenue Funds. These funds account for the proceeds from a specific receipt source that is restricted to disbursements for a specified purpose.

Custodial Funds. These funds account for assets held by the County as an agent for various local governments.

Capital Project Funds. The Sinking Fund accounts for all resources received and used for the acquisition or development of major capital improvements.

Debt Service Fund. The Building Bond Fund accounts for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

The County designates fund balances as follows:

Restricted. The fund balance is restricted by external impositions, such as creditors, grantors, or laws or regulations of other governments.

Committed. The fund balance has been designated by the County Board for a specific purpose.

Assigned. The fund balance has not been designated by the County Board for a specific purpose, but it has been separated based on the type of revenue.

Unassigned. This portion of the General Fund is not restricted, committed, or assigned for a specific purpose.

C. **Measurement Focus, Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis. Receipts are recognized when received, and disbursements are recognized when warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recorded when earned, and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

CUSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

The governmental fund financial statements were also reported on the cash receipt and disbursement basis of accounting. As such, the same measurement focus and basis of accounting were used, as described above. This differs from governmental GAAP, which requires governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recognized as soon as they are both measurable and available. Receipts are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Disbursements are generally recorded when a liability is incurred, as under accrual accounting. However, disbursements related to compensated absences claims, and judgments are recorded only when payment is due.

D. Assets and Net Position

Cash and Cash Equivalents. The County's cash and cash equivalents are considered to be cash on hand, certificates of deposits, and demand deposits.

Investments. The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. § 77-2315, § 77-2340, and § 77-2341 (Reissue 2018) and generally include U.S. Government obligations and securities, which are authorized by the Nebraska Investment Council.

Capital Assets. Under the cash receipts and disbursements basis of accounting, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds. GAAP requires capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), to be reported in the applicable governmental activities columns in the government-wide financial statements.

Depreciation expenses on capital assets were not recorded on the cash basis financial statements. Under GAAP, depreciation expenses would be recorded in the Statement of Activities. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

Compensated Absences. Vested or accumulated vacation leave that is liquidated with expendable available financial resources is reported as a disbursement of the County funds as paid. Upon termination, employees are paid for any unused vacation. Under the receipts and disbursements basis of accounting, the liabilities for compensated absences are not reported since they do not represent liabilities arising from cash transactions. Under GAAP, the compensated absences liability would be reported in the government-wide financial statements and would be recorded in accordance with the County's policy, which is to recognize the expense and accrued liability when vacation and compensatory leave is earned.

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$2,595,260 of restricted net position, which is fully restricted by enabling legislation.

Budgetary Process. The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act. The budget is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those receipts actually received by the County Treasurer. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

CUSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Concluded)

On or before August 1, the County budget-making authority prepares and transmits a budget for each County fund to the County Board. The budget includes the requirements, the outstanding warrants, the operating reserves to be maintained, the cash on hand at the close of the preceding fiscal year, the receipts from sources other than taxation, and the amount to be raised by taxation. The County Board must hold at least one public hearing on the proposed budget. On or before September 20, the County Board adopts the budget and appropriates the amounts specified in the budget for the departments, offices, activities, and funds of the County.

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, if revisions are made that alter the total disbursements of any fund, an additional public hearing must be held. The legal level of budgetary control for the General Fund is at the function level, and the special revenue fund types are at the fund level. The County Board is also authorized to budget for the transfer of money between County funds.

2. **Deposits and Investments**

The County has generally pooled the cash resources of the various funds for investment purposes. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. § 77-2315 (Reissue 2018).

At year end, the County's carrying amount of deposits was \$11,056,958 for County funds and \$1,232,571 for Fiduciary funds. The bank balances for all funds totaled \$12,291,375. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2021, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$1,985,121 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a nine-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

3. **Property Taxes**

Property taxes are levied by the County Board on or before October 15 of each year for all political subdivisions in the County. Real estate and personal property taxes are due and attach as an enforceable lien on January 1 following the levy date, and they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

Counties are permitted by the State Constitution to levy a tax of up to \$.50/\$100 of assessed valuation for general governmental services other than the payment of principal and interest on bonded debt. Counties may levy taxes in addition to the 50-cent limitation upon a vote of the people.

The levy set in October 2020, for the 2020 taxes, which will be materially collected in May and September 2021, was set at \$.200876/\$100 of assessed valuation. The levy set in October 2019, for the 2019 taxes, which were materially collected in May and September 2020, was set at \$.190334/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

CUSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

Additionally, there is currently a statutory lid limitation, which limits taxation to the prior year's level, with provisions for growth. The lid may be increased by 1% upon the approval of a three-fourths majority of the County Board.

4. **Retirement System**

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2020) and may be amended through legislative action.

Participation in the Plan is required of all full-time employees. Part-time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 18. Part-time elected officials may exercise the option to join.

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee. The Plan's financial statements, including pension costs and obligations, are audited annually and can be obtained from the State of Nebraska Public Employees Retirement System.

A supplemental retirement plan was established on January 1, 2003, for the benefit of all present and future commissioned law enforcement personnel employed by the County. Employees contribute 1% of their salary, and the County contributes an amount equal to 100% of the employee's contribution. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

For the year ended June 30, 2021, 115 employees contributed \$215,209, and the County contributed \$320,336. Contributions included \$4,953 in cash contributions towards the supplemental law enforcement plan for eight law enforcement employees. Lastly, the County paid \$187 directly to three retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 104 counties and local governments throughout Nebraska.

CUSTER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

The County pays an annual deposit premium, as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire pool. If the pool becomes insolvent or otherwise unable to discharge its legal liabilities and obligations, the County may be assessed for an additional contribution. Each county remains liable for such assessments, regardless of the county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the pool incurred during the county's period of membership.

The agreement with NIRMA requires the risk pool to provide coverage for up to a maximum amount per occurrence and purchase commercial insurance for claims in excess of coverage provided. In the event of a liability exceeding the commercial insurance, the County would be responsible for funding the excess amount.

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Workers' Compensation Claim	\$ 550,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

The County has not paid any additional assessments to the pool or paid out any amounts that exceeded coverage provided by the pool in the last three fiscal years. There were no significant reductions in insurance coverage from the prior year coverage.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2021, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 3,696,125	\$ -	\$ -	\$ 3,696,125
General Fund	-	-	11,232	11,232
Nonmajor Funds	-	250,000	221,237	471,237
Total	\$ 3,696,125	\$ 250,000	\$ 232,469	\$ 4,178,594

Transfers are used to move unrestricted receipts collected in the General Fund and Inheritance Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In the year ended June 30, 2021, the County made one-time transfer of \$168,636 from the Reuse Grant Fund, and \$11,507 from the Housing Reuse Grant Fund to the Repurposed CDBG Housing Fund to transfer available Community Development Block Grant funds for the purpose of issuing future Housing Rehabilitation loans. Additionally, the County transferred \$41,094 from the E911 Wireless Service Fund to the E911 Wireless Service Holding Fund to set aside funds for future 911 projects.

CUSTER COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

7. Long-Term Obligations

The County issued bonds on June 10, 2015, in the amount of \$3,000,000 for the purpose of paying the costs of constructing, equipping, and furnishing a new judicial building. The bond payable balance, as of June 30, 2021, was \$1,000,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments:

Year	Principal	Interest	Total
2022	\$ 190,000	\$ 24,795	\$ 214,795
2023	195,000	20,805	215,805
2024	200,000	16,418	216,418
2025	205,000	11,417	216,417
2026	210,000	5,985	215,985
Total Payments	<u>\$ 1,000,000</u>	<u>\$ 79,420</u>	<u>\$ 1,079,420</u>

8. Notes Receivable

Emergency Appropriations. On May 21, 2019, the County Board approved a transfer of \$1,000,000 from the Inheritance Fund to the Disaster Relief Fund to fund temporary emergency appropriation loans to County townships for emergency management purposes. The original loan terms required repayment of such loans to be made within one year from the loan execution; however, the County Board has approved extensions for four townships. Repayment must be made from all available funding, including Federal reimbursements, and property taxes. As of June 30, 2021, nine Townships had outstanding amounts owed to the County, totaling \$557,553.

Department of Economic Development – Community Development Block Grants. In 2002, the County received a Community Development Block Grant from the Nebraska Department of Economic Development (DED) in the amount of \$400,440. Over the years, the amount was loaned to various businesses who, in turn, repaid the money to the County. The DED program has now ended, and any money left in the Fund or still being returned to the County is being used as a match for projects approved by the DED or to make new Housing Rehabilitation Program loans. As of June 30, 2021, the County had eight outstanding Revolving Loan Fund loans, totaling \$448,803, and nine outstanding Housing Rehabilitation Program loans, totaling \$190,395. The County has contracted with the Custer Economic Development Corporation for the administration of these loans.

9. Prior Period Adjustment

The beginning balances were increased by \$75,595 on the Fiduciary Fund Statement of Cash Receipts, Disbursements, and Changes in Fund Balances from the balances reported in the County's fiscal year 2020 financial statements. These adjustments were made to report the monies held by County officials other than the County Treasurer.

CUSTER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 7,163,369	\$ 7,163,369	\$ 6,661,429	\$ (501,940)
Licenses and Permits	42,500	42,500	51,337	8,837
Interest	75,360	75,360	33,952	(41,408)
Intergovernmental	1,030,226	1,030,226	1,418,415	388,189
Charges for Services	612,578	612,578	751,820	139,242
Miscellaneous	322,000	322,000	65,623	(256,377)
TOTAL RECEIPTS	9,246,033	9,246,033	8,982,576	(263,457)
DISBURSEMENTS				
General Government:				
County Board	189,051	189,051	185,800	3,251
County Clerk	113,755	113,755	110,451	3,304
County Treasurer	305,110	305,110	302,307	2,803
Register of Deeds	113,830	113,830	112,819	1,011
County Assessor	239,402	239,402	222,467	16,935
Election Commissioner	73,112	73,112	58,389	14,723
Building and Zoning	56,570	56,570	47,042	9,528
Data Processing Department	92,210	92,210	51,225	40,985
Personnel	401,192	401,192	377,939	23,253
Unemployment	30,000	30,000	-	30,000
Insurance	1,141,789	1,141,789	830,325	311,464
GIS Department	25,000	25,000	19,219	5,781
Clerk of the District Court	125,482	125,482	123,708	1,774
County Court System	14,915	14,915	4,516	10,399
District Judge	25,600	25,600	23,000	2,600
Judicial Center	71,624	71,624	68,191	3,433
District Court Child Support	14,352	14,352	4,446	9,906
Building and Grounds	106,930	106,930	94,843	12,087
Reappraisal	63,000	63,000	41,429	21,571
Agricultural Extension Agent	129,207	129,207	122,042	7,165
County Building	36,250	36,250	19,352	16,898
Judicial Center Miscellaneous	17,030	17,751	17,751	-
Miscellaneous	548,539	518,163	438,119	80,044
Public Safety				
County Sheriff	655,613	655,613	654,958	655
County Attorney	217,143	217,143	202,970	14,173
County Jail	304,170	332,715	332,715	-
Emergency Management	135,203	143,514	143,514	-
County Attorney Child Support	107,162	107,162	78,491	28,671
Grants	695,000	687,799	212,855	474,944

CUSTER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS (Continued)				
Public Works				
County Surveyor	100,737	100,737	90,087	10,650
Noxious Weed Control	51,150	51,150	37,558	13,592
Recycling	166,149	166,149	157,800	8,349
Public Assistance				
Veterans' Service Officer	89,773	89,773	85,289	4,484
Medical Relief	51,500	51,500	2,207	49,293
Institutions	10,000	10,000	2,172	7,828
TOTAL DISBURSEMENTS	<u>6,517,550</u>	<u>6,517,550</u>	<u>5,275,996</u>	<u>1,241,554</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>2,728,483</u>	<u>2,728,483</u>	<u>3,706,580</u>	<u>978,097</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	11,235	11,235	11,232	(3)
Transfers out	(3,616,081)	(3,616,081)	(3,696,125)	(80,044)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,604,846)</u>	<u>(3,604,846)</u>	<u>(3,684,893)</u>	<u>(80,047)</u>
Net Change in Fund Balance	(876,363)	(876,363)	21,687	898,050
FUND BALANCE - BEGINNING	<u>2,676,363</u>	<u>2,676,363</u>	<u>2,676,363</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 1,800,000</u></u>	<u><u>\$ 1,800,000</u></u>	<u><u>\$ 2,698,050</u></u>	<u><u>\$ 898,050</u></u>

(Concluded)

CUSTER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 3,809,759	\$ 3,809,759	\$ 3,890,929	\$ 81,170
Charges for Services	185,000	185,000	254,830	69,830
Miscellaneous	80,000	80,000	257,600	177,600
TOTAL RECEIPTS	<u>4,074,759</u>	<u>4,074,759</u>	<u>4,403,359</u>	<u>328,600</u>
DISBURSEMENTS	<u>10,443,365</u>	<u>10,443,365</u>	<u>7,363,920</u>	<u>3,079,445</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(6,368,606)</u>	<u>(6,368,606)</u>	<u>(2,960,561)</u>	<u>3,408,045</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,616,081	5,616,081	3,696,125	(1,919,956)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,616,081</u>	<u>5,616,081</u>	<u>3,696,125</u>	<u>(1,919,956)</u>
Net Change in Fund Balance	(752,525)	(752,525)	735,564	1,488,089
FUND BALANCE - BEGINNING	<u>1,752,525</u>	<u>1,752,525</u>	<u>1,752,525</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 2,488,089</u>	<u>\$ 1,488,089</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 750,000	\$ 750,000	\$ 612,838	\$ (137,162)
TOTAL RECEIPTS	<u>750,000</u>	<u>750,000</u>	<u>612,838</u>	<u>(137,162)</u>
DISBURSEMENTS	<u>1,904,705</u>	<u>1,904,705</u>	<u>44,263</u>	<u>1,860,442</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,154,705)</u>	<u>(1,154,705)</u>	<u>568,575</u>	<u>1,723,280</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(2,250,000)	(2,250,000)	(250,000)	2,000,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,250,000)</u>	<u>(2,250,000)</u>	<u>(250,000)</u>	<u>2,000,000</u>
Net Change in Fund Balance	(3,404,705)	(3,404,705)	318,575	3,723,280
FUND BALANCE - BEGINNING	<u>3,404,705</u>	<u>3,404,705</u>	<u>3,404,705</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,723,280</u>	<u>\$ 3,723,280</u>

CUSTER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BRIDGE BUYBACK PROGRAM				
FUND				
Receipts	\$ 450,360	\$ 450,360	\$ 450,360	\$ -
Disbursements	(1,103,364)	(1,103,364)	(138,503)	964,861
Net Change in Fund Balance	(653,004)	(653,004)	311,857	964,861
Fund Balance - Beginning	653,004	653,004	653,004	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 964,861</u>	<u>\$ 964,861</u>
SINKING FUND				
Receipts	\$ 50,617	\$ 50,617	\$ 54,488	\$ 3,871
Disbursements	(850,907)	(850,907)	(25,546)	825,361
Net Change in Fund Balance	(800,290)	(800,290)	28,942	829,232
Fund Balance - Beginning	800,290	800,290	800,290	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 829,232</u>	<u>\$ 829,232</u>
CHILD SUPPORT INCENTIVE FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(5,425)	(5,425)	(5,425)	-
Net Change in Fund Balance	(5,425)	(5,425)	(5,425)	-
Fund Balance - Beginning	5,425	5,425	5,425	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
VISITOR PROMOTION FUND				
Receipts	\$ 49,000	\$ 49,000	\$ 48,315	\$ (685)
Disbursements	(54,983)	(54,983)	(54,973)	10
Net Change in Fund Balance	(5,983)	(5,983)	(6,658)	(675)
Fund Balance - Beginning	25,983	25,983	25,983	-
Fund Balance - Ending	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 19,325</u>	<u>\$ (675)</u>
VISITOR IMPROVEMENT FUND				
Receipts	\$ 49,000	\$ 49,000	\$ 48,315	\$ (685)
Disbursements	(65,381)	(65,381)	(54,536)	10,845
Net Change in Fund Balance	(16,381)	(16,381)	(6,221)	10,160
Fund Balance - Beginning	36,381	36,381	36,381	-
Fund Balance - Ending	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 30,160</u>	<u>\$ 10,160</u>

(Continued)

CUSTER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PRESERVATION & MODERNIZATION FUND				
Receipts	\$ 9,757	\$ 9,757	\$ 10,416	\$ 659
Disbursements	(25,264)	(25,264)	(5,542)	19,722
Net Change in Fund Balance	(15,507)	(15,507)	4,874	20,381
Fund Balance - Beginning	15,507	15,507	15,507	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,381</u>	<u>\$ 20,381</u>
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ 1,104	\$ 1,104
Disbursements	(100,649)	(100,649)	-	100,649
Net Change in Fund Balance	(100,649)	(100,649)	1,104	101,753
Fund Balance - Beginning	100,649	100,649	100,649	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,753</u>	<u>\$ 101,753</u>
STOP PROGRAM FUND				
Receipts	\$ 42,379	\$ 42,379	\$ 3,450	\$ (38,929)
Disbursements	(50,000)	(50,000)	(4,532)	45,468
Net Change in Fund Balance	(7,621)	(7,621)	(1,082)	6,539
Fund Balance - Beginning	7,621	7,621	7,621	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,539</u>	<u>\$ 6,539</u>
DRUG LAW ENFORCEMENT AND EDUCATION FUND				
Receipts	\$ 48,949	\$ 48,949	\$ 2,027	\$ (46,922)
Disbursements	(50,000)	(50,000)	-	50,000
Net Change in Fund Balance	(1,051)	(1,051)	2,027	3,078
Fund Balance - Beginning	1,051	1,051	1,051	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,078</u>	<u>\$ 3,078</u>
FEDERAL DRUG LAW ENFORCEMENT FUND				
Receipts	\$ -	\$ -	\$ 21	\$ 21
Disbursements	(42,548)	(42,548)	(1,047)	41,501
Net Change in Fund Balance	(42,548)	(42,548)	(1,026)	41,522
Fund Balance - Beginning	42,548	42,548	42,548	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,522</u>	<u>\$ 41,522</u>

(Continued)

CUSTER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REUSE GRANT FUND				
Receipts	\$ 38,500	\$ 38,500	\$ 61,843	\$ 23,343
Disbursements	(162,386)	(162,386)	(264,577)	(102,191)
Transfers in	-	-	-	-
Transfers out	(300,000)	(300,000)	(168,636)	131,364
Net Change in Fund Balance	(423,886)	(423,886)	(371,370)	52,516
Fund Balance - Beginning	423,886	423,886	423,886	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,516</u>	<u>\$ 52,516</u>
HOUSING REUSE GRANT FUND				
Receipts	\$ 42,850	\$ 42,850	\$ 7,055	\$ (35,795)
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(54,710)	(54,710)	(17,314)	37,396
Net Change in Fund Balance	(11,860)	(11,860)	(10,259)	1,601
Fund Balance - Beginning	11,860	11,860	11,860	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,601</u>	<u>\$ 1,601</u>
REPURPOSED CDBG HOUSING FUND				
Receipts	\$ -	\$ -	\$ 97	\$ 97
Disbursements	(348,900)	(348,900)	(8,905)	339,995
Transfers in	348,900	348,900	180,143	(168,757)
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	171,335	171,335
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,335</u>	<u>\$ 171,335</u>
DISASTER RELIEF FUND				
Receipts	\$ 783,992	\$ 783,992	\$ 186,237	\$ (597,755)
Disbursements	(1,200,642)	(1,200,642)	(158,861)	1,041,781
Net Change in Fund Balance	(416,650)	(416,650)	27,376	444,026
Fund Balance - Beginning	416,650	416,650	416,650	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444,026</u>	<u>\$ 444,026</u>
COVID AMERICAN RESCUE PLAN FUND				
Receipts	\$ -	\$ -	\$ 1,046,653	\$ 1,046,653
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	1,046,653	1,046,653
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,046,653</u>	<u>\$ 1,046,653</u>

(Continued)

CUSTER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
E911 WIRELESS SERVICE FUND				
Receipts	\$ 55,339	\$ 55,339	\$ 55,339	\$ -
Disbursements	(55,339)	(55,339)	(13,990)	41,349
Transfers in	-	-	-	-
Transfers out	(41,094)	(41,094)	(41,094)	-
Net Change in Fund Balance	(41,094)	(41,094)	255	41,349
Fund Balance - Beginning	41,094	41,094	41,094	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,349</u>	<u>\$ 41,349</u>
E911 WIRELESS SERVICE HOLDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(166,408)	(166,408)	-	166,408
Transfers in	41,094	41,094	41,094	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(125,314)	(125,314)	41,094	166,408
Fund Balance - Beginning	125,314	125,314	125,314	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,408</u>	<u>\$ 166,408</u>
BUILDING BOND FUND				
Receipts	\$ -	\$ -	\$ 145	\$ 145
Disbursements	(254,636)	(254,636)	(218,710)	35,926
Transfers in	250,000	250,000	250,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(4,636)	(4,636)	31,435	36,071
Fund Balance - Beginning	4,636	4,636	4,636	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,071</u>	<u>\$ 36,071</u>
COMMUNICATIONS FUND				
Receipts	\$ 494,790	\$ 494,790	\$ 470,702	\$ (24,088)
Disbursements	(527,300)	(527,300)	(412,362)	114,938
Net Change in Fund Balance	(32,510)	(32,510)	58,340	90,850
Fund Balance - Beginning	97,510	97,510	97,510	-
Fund Balance - Ending	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>\$ 155,850</u>	<u>\$ 90,850</u>

(Concluded)

CUSTER COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	Highway Bridge Buyback Program Fund	Sinking Fund	Child Support Incentive Fund	Visitor Promotion Fund	Visitor Improvement Fund
RECEIPTS					
Property Taxes	\$ -	\$ 45,926	\$ -	\$ 48,315	\$ 48,315
Investment Income	-	2,495	-	-	-
Intergovernmental	450,360	6,067	-	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	450,360	54,488	-	48,315	48,315
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	138,503	-	-	-	-
Culture and Recreation	-	-	-	54,973	54,536
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	-	25,546	-	-	-
TOTAL DISBURSEMENTS	138,503	25,546	-	54,973	54,536
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	311,857	28,942	-	(6,658)	(6,221)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(5,425)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(5,425)	-	-
Net Change in Fund Balances	311,857	28,942	(5,425)	(6,658)	(6,221)
FUND BALANCES - BEGINNING	653,004	800,290	5,425	25,983	36,381
FUND BALANCES - ENDING	\$ 964,861	\$ 829,232	\$ -	\$ 19,325	\$ 30,160
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	19,325	30,160
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Road Maintenance	964,861	-	-	-	-
Economic Development	-	-	-	-	-
COVID-19 Pandemic Response	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
Miscellaneous Projects	-	829,232	-	-	-
Disaster Recovery	-	-	-	-	-
TOTAL FUND BALANCES	\$ 964,861	\$ 829,232	\$ -	\$ 19,325	\$ 30,160

CUSTER COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	Preservation & Modernization Fund	Veterans' Aid Fund	STOP Program Fund	Drug Law Enforcement and Education Fund	Federal Drug Law Enforcement Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	-	1,104	-	-	21
Intergovernmental	-	-	-	-	-
Charges for Services	10,416	-	3,450	-	-
Miscellaneous	-	-	-	2,027	-
TOTAL RECEIPTS	10,416	1,104	3,450	2,027	21
DISBURSEMENTS					
General Government	5,542	-	-	-	-
Public Safety	-	-	4,532	-	1,047
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	-	-	-	-	-
TOTAL DISBURSEMENTS	5,542	-	4,532	-	1,047
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	4,874	1,104	(1,082)	2,027	(1,026)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
Net Change in Fund Balances	4,874	1,104	(1,082)	2,027	(1,026)
FUND BALANCES - BEGINNING	15,507	100,649	7,621	1,051	42,548
FUND BALANCES - ENDING	\$ 20,381	\$ 101,753	\$ 6,539	\$ 3,078	\$ 41,522
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	3,078	-
Law Enforcement	-	-	-	-	41,522
Preservation of Records	20,381	-	-	-	-
Debt Service	-	-	-	-	-
Road Maintenance	-	-	-	-	-
Economic Development	-	-	-	-	-
COVID-19 Pandemic Response	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	6,539	-	-
Aid and Assistance	-	101,753	-	-	-
Miscellaneous Projects	-	-	-	-	-
Disaster Recovery	-	-	-	-	-
TOTAL FUND BALANCES	\$ 20,381	\$ 101,753	\$ 6,539	\$ 3,078	\$ 41,522

CUSTER COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	Reuse Grant Fund	Housing Reuse Grant Fund	Repurposed CDBG Housing Fund	Disaster Relief Fund	COVID American Rescue Plan Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	367	4	97	-	-
Intergovernmental	-	-	-	186,237	1,046,653
Charges for Services	-	-	-	-	-
Miscellaneous	61,476	7,051	-	-	-
TOTAL RECEIPTS	61,843	7,055	97	186,237	1,046,653
DISBURSEMENTS					
General Government	264,577	-	8,905	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	158,861	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	-	-	-	-	-
TOTAL DISBURSEMENTS	264,577	-	8,905	158,861	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(202,734)	7,055	(8,808)	27,376	1,046,653
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	180,143	-	-
Transfers out	(168,636)	(17,314)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(168,636)	(17,314)	180,143	-	-
Net Change in Fund Balances	(371,370)	(10,259)	171,335	27,376	1,046,653
FUND BALANCES - BEGINNING	423,886	11,860	-	416,650	-
FUND BALANCES - ENDING	\$ 52,516	\$ 1,601	\$ 171,335	\$ 444,026	\$ 1,046,653
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Road Maintenance	-	-	-	-	-
Economic Development	52,516	1,601	171,335	-	-
COVID-19 Pandemic Response	-	-	-	-	1,046,653
Committed to:					
Law Enforcement	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
Miscellaneous Projects	-	-	-	-	-
Disaster Recovery	-	-	-	444,026	-
TOTAL FUND BALANCES	\$ 52,516	\$ 1,601	\$ 171,335	\$ 444,026	\$ 1,046,653

CUSTER COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	E911 Wireless Service Fund	E911 Wireless Service Holding Fund	Building Bond Fund	Communications Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ 55,339	\$ -	\$ 16	\$ 262,978	\$ 460,889
Investment Income	-	-	129	-	4,217
Intergovernmental	-	-	-	177,066	1,866,383
Charges for Services	-	-	-	16,555	30,421
Miscellaneous	-	-	-	14,103	84,657
TOTAL RECEIPTS	55,339	-	145	470,702	2,446,567
DISBURSEMENTS					
General Government	-	-	-	-	279,024
Public Safety	13,990	-	-	412,362	431,931
Public Works	-	-	-	-	297,364
Culture and Recreation	-	-	-	-	109,509
Debt Service:					
Principal Payments	-	-	190,000	-	190,000
Interest and Fiscal Charges	-	-	28,710	-	28,710
Capital Outlay	-	-	-	-	25,546
TOTAL DISBURSEMENTS	13,990	-	218,710	412,362	1,362,084
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	41,349	-	(218,565)	58,340	1,084,483
OTHER FINANCING SOURCES (USES)					
Transfers in	-	41,094	250,000	-	471,237
Transfers out	(41,094)	-	-	-	(232,469)
TOTAL OTHER FINANCING SOURCES (USES)	(41,094)	41,094	250,000	-	238,768
Net Change in Fund Balances	255	41,094	31,435	58,340	1,323,251
FUND BALANCES - BEGINNING	41,094	125,314	4,636	97,510	2,809,409
FUND BALANCES - ENDING	\$ 41,349	\$ 166,408	\$ 36,071	\$ 155,850	\$ 4,132,660
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	49,485
911 Emergency Services	41,349	166,408	-	-	207,757
Drug Education	-	-	-	-	3,078
Law Enforcement	-	-	-	-	41,522
Preservation of Records	-	-	-	-	20,381
Debt Service	-	-	36,071	-	36,071
Road Maintenance	-	-	-	-	964,861
Economic Development	-	-	-	-	225,452
COVID-19 Pandemic Response	-	-	-	-	1,046,653
Committed to:					
Law Enforcement	-	-	-	155,850	162,389
Aid and Assistance	-	-	-	-	101,753
Miscellaneous Projects	-	-	-	-	829,232
Disaster Recovery	-	-	-	-	444,026
TOTAL FUND BALANCES	\$ 41,349	\$ 166,408	\$ 36,071	\$ 155,850	\$ 4,132,660

CUSTER COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2021

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	County Planning and Zoning	County Recycling	Total
BALANCES JULY 1, 2020	\$ 1,357	\$ 23,567	\$ 60,826	\$ 3,486	\$ 4,216	\$ 63,639	\$ 2,317	\$ 100	\$ 2,495	\$ 162,003
RECEIPTS										
Property Taxes	-	-	-	3,770	-	-	-	-	-	3,770
Licenses and Permits	1,500	-	-	2,150	-	-	-	3,350	-	7,000
Intergovernmental	-	-	-	3,450	-	-	-	-	-	3,450
Charges for Services	1,472	115,763	19,261	44,811	280	204,802	-	-	42,626	429,015
Miscellaneous	23	-	-	700	1,596	238,873	1	221	-	241,414
State Fees	8,463	142,251	21,548	233	-	240	-	-	-	172,735
Other Liabilities	-	-	854,872	352,870	15,170	-	-	-	-	1,222,912
TOTAL RECEIPTS	11,458	258,014	895,681	407,984	17,046	443,915	1	3,571	42,626	2,080,296
DISBURSEMENTS										
Payments to County Treasurer	2,895	116,853	18,741	53,086	2,307	486,136	-	3,350	39,936	723,304
Payments to State Treasurer	8,727	141,606	21,954	233	-	240	-	-	-	172,760
Petty Cash	23	-	-	-	1,544	308	467	221	-	2,563
Other Liabilities	-	-	645,414	352,636	15,393	-	-	-	-	1,013,443
TOTAL DISBURSEMENTS	11,645	258,459	686,109	405,955	19,244	486,684	467	3,571	39,936	1,912,070
BALANCES JUNE 30, 2021	\$ 1,170	\$ 23,122	\$ 270,398	\$ 5,515	\$ 2,018	\$ 20,870	\$ 1,851	\$ 100	\$ 5,185	\$ 330,229
BALANCES CONSIST OF:										
Due to County Treasurer	\$ 343	\$ 9,867	\$ 950	\$ 4,668	\$ 106	\$ 20,620	\$ 1,851	\$ -	\$ 5,185	\$ 43,590
Petty Cash	100	100	-	500	550	250	-	100	-	1,600
Due to State Treasurer	727	13,155	945	-	-	-	-	-	-	14,827
Due to Others	-	-	268,503	347	1,362	-	-	-	-	270,212
BALANCES JUNE 30, 2021	\$ 1,170	\$ 23,122	\$ 270,398	\$ 5,515	\$ 2,018	\$ 20,870	\$ 1,851	\$ 100	\$ 5,185	\$ 330,229

CUSTER COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2021

Item	2016	2017	2018	2019	2020
Tax Certified by Assessor					
Real Estate	\$ 35,699,746	\$ 35,826,713	\$ 36,373,835	\$ 36,506,308	\$ 37,389,648
Personal and Specials	3,247,917	2,817,696	2,783,469	2,942,094	1,863,205
Total	<u>38,947,663</u>	<u>38,644,409</u>	<u>39,157,304</u>	<u>39,448,402</u>	<u>39,252,853</u>
Corrections					
Additions	7,792	1,991	3,124	20,375	1,714
Deductions	<u>(2,940)</u>	<u>(10,501)</u>	<u>(2,981)</u>	<u>(43,397)</u>	<u>(11,007)</u>
Net Additions/ (Deductions)	<u>4,852</u>	<u>(8,510)</u>	<u>143</u>	<u>(23,022)</u>	<u>(9,293)</u>
Corrected Certified Tax	<u>38,952,515</u>	<u>38,635,899</u>	<u>39,157,447</u>	<u>39,425,380</u>	<u>39,243,560</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2017	23,745,425	-	-	-	-
June 30, 2018	15,187,150	23,791,566	-	-	-
June 30, 2019	11,887	14,824,098	23,568,581	-	-
June 30, 2020	3,379	11,387	15,553,726	23,526,604	-
June 30, 2021	<u>2,289</u>	<u>4,661</u>	<u>27,185</u>	<u>15,871,443</u>	<u>24,279,858</u>
Total Net Collections	<u>38,950,130</u>	<u>38,631,712</u>	<u>39,149,492</u>	<u>39,398,047</u>	<u>24,279,858</u>
Total Uncollected Tax	<u>\$ 2,385</u>	<u>\$ 4,187</u>	<u>\$ 7,955</u>	<u>\$ 27,333</u>	<u>\$ 14,963,702</u>
Percentage Uncollected Tax	<u>0.01%</u>	<u>0.01%</u>	<u>0.02%</u>	<u>0.07%</u>	<u>38.13%</u>

Note: Tax refunds are netted against tax collections to determine Net Tax Collected.

CUSTER COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
DEPARTMENT OF HOMELAND SECURITY			
Passed through Nebraska Military Department			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	unavailable	* \$ 1,834,948
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	unavailable	3,309
Total - Disaster Grants - Public Assistance (Presidentially Declared Disasters)			<u>1,838,257</u>
Emergency Management Performance Grants	97.042	unavailable	<u>60,000</u>
Total U.S. Department of Homeland Security			<u>1,898,257</u>
ELECTION ASSISTANCE COMMISSION			
Passed through Nebraska Secretary of State			
COVID-19 - 2018 HAVA Election Security Grants	90.404	unavailable	<u>5,978</u>
Total U.S. Election Assistance Commission			<u>5,978</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Nebraska Department of Health and Human Services			
Child Support Enforcement	93.563	unavailable	<u>129,695</u>
Total U.S. Department of Health and Human Services			<u>129,695</u>
DEPARTMENT OF TRANSPORTATION			
Passed through Nebraska Department of Transportation			
Highway Planning and Construction	20.205	unavailable	203,466
National Priority Safety Programs	20.616	unavailable	<u>3,500</u>
Total U.S. Department of Transportation			<u>206,966</u>
DEPARTMENT OF THE TREASURY			
Equitable Sharing	21.016	unavailable	<u>1,047</u>
Passed through Nebraska Military Department			
Coronavirus Relief Fund	21.019	unavailable	<u>138,876</u>
Total U.S. Department of the Treasury			<u>139,923</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 2,380,819</u></u>

* Represents Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

CUSTER COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards (Schedule) includes the Federal award activity of Custer County (County) under programs of the Federal government for the year ended June 30, 2021, except as noted in Note 2 below. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Custer County, it is not intended to and does not present the financial position, changes or net assets of the County. The County's reporting entity is defined in Note 1.A. to the County's financial statements. Federal awards received directly from Federal agencies, as well as those passed through other government agencies, are included in the Schedule. Unless otherwise noted on the Schedule, all programs are received directly from the respective Federal agency.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Custer County has elected to use the 10 percent de minimis indirect cost rate, as allowed under Uniform Guidance, except for the Child Support Enforcement Program.

3. Disaster Grants – Public Assistance (Presidentially Declared Disasters)

After a presidentially declared disaster, the Federal Emergency Management Agency (FEMA) provides Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA 97.036) to reimburse eligible costs associated with the repair, replacement, or restoration of disaster-damaged infrastructure. The Schedule of Expenditures of Federal Awards reports expenditures of \$1,838,257 for this program. Of this amount, \$477,436 was incurred in the fiscal year ended June 30, 2021. The remaining expenditures were incurred in prior years.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov

PO Box 98917

State Capitol, Suite 2303

Lincoln, Nebraska 68509

402-471-2111, FAX 402-471-3301

auditors.nebraska.gov

CUSTER COUNTY

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Supervisors
Custer County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Custer County, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Custer County's basic financial statements, and have issued our report thereon dated September 29, 2021. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Custer County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Custer County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the following deficiency in the County's internal control to be a significant deficiency:

- The County offices lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

Board Response: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Custer County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Additional Items

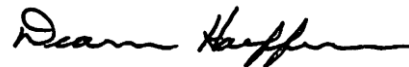
We also noted certain matters that we reported to the management of Custer County in a separate letter dated September 29, 2021.

Custer County's Response to Findings

Custer County's response to the findings identified in our audit is described above. Custer County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

September 29, 2021



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

CUSTER COUNTY
**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

Board of Supervisors
Custer County, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Custer County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Custer County's major Federal programs for the year ended June 30, 2021. Custer County's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Custer County's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Custer County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Custer County's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Custer County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Custer County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Custer County's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Custer County's internal control over compliance.

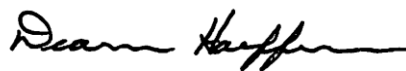
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of the internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Custer County as of and for the year ended June 30, 2021, and have issued our report thereon dated September 29, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements, which collectively comprise the basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis, as required by the Uniform Guidance, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal awards is fairly stated in all material respects in relation to the financial statements as a whole. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

September 29, 2021

CUSTER COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ended June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with cash basis of accounting:

Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes X None Reported

Significant deficiencies identified? X Yes _____ No

Noncompliance material to financial statements noted? _____ Yes X None Reported

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ Yes X None Reported

Significant deficiencies identified? _____ Yes X None Reported

Type of auditor’s report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Major programs: **Disaster Grants – Public Assistance (Presidentially Declared Disasters): CFDA#97.036**

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

CUSTER COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Concluded)

Section II – Financial Statement Findings

Finding # 2021-1

<u>Condition</u> -	There is a lack of segregation of accounting functions among various County offices and personnel. This is a continuing item from the prior year.
<u>Criteria</u> -	Authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other.
<u>Context</u> -	Various County offices collect money, most of those offices employ one or two individuals. The offices remit the money to the County Treasurer.
<u>Effect</u> -	This lack of segregation of duties results in an inadequate overall internal control structure design.
<u>Cause</u> -	The County does not employ sufficient office personnel to segregate accounting functions properly.
<u>Recommendation</u> -	The County should be aware of the inherent risks associated with improper segregation of accounting functions. The County should also develop mitigating controls to reduce the risk of errors or fraud associated with the improper segregation of accounting functions.
<u>View of Officials</u> -	The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

Section III – Federal Award Findings and Questioned Costs

None Noted

Custer County
BOARD OF SUPERVISORS
Broken Bow, Nebraska 68822

Phone No.
(308) 872-5701

Chairperson
Barry Fox

SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2021

Finding # 2020-1

Condition:	Due to a limited number of administrative personnel, a lack of segregation of duties exists. Proper segregation of duties ensures an adequate internal control structure and, without this segregation, a greater risk of fraud or error may exist.
Status:	The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.



An Equal Opportunity Employer

Custer County
BOARD OF SUPERVISORS
Broken Bow, Nebraska 68822

Phone No.
(308) 872-5701

Chairperson
Barry Fox

CORRECTIVE ACTION PLAN

Year Ended June 30, 2021

The corrective action plan for the findings included in the Schedule of Findings and Questioned Costs are summarized as follows:

Finding 2021-1 Segregation of Duties

Corrective Action Planned: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

Anticipated Completion Date: Ongoing

Responsible Party: County Board



An Equal Opportunity Employer



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov

PO Box 98917

State Capitol, Suite 2303

Lincoln, Nebraska 68509

402-471-2111, FAX 402-471-3301

auditors.nebraska.gov

September 29, 2021

Board of Supervisors
Custer County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Custer County (County) for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 29, 2021. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

During our audit, we noted certain matters involving internal control over financial reporting and other operational matters that are presented here. These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

COUNTY ATTORNEY

Office Procedures

During the audit, we noted the following concerns with the County Attorney's office procedures:

- When the County Attorney's office received bad check collection fees, no receipt was issued to document all money received by the office. Without this initial documentation of all money received by the County Attorney's office, we were unable to verify that the proper amount of money was ultimately remitted to the County Treasurer. During the fiscal year, the County Treasurer received a total of \$280 for bad check collection fees.
- According to the County Board's fiscal year 2021 budget message, the County Attorney had an authorized petty cash amount of \$1,000; however, the office was attempting to reconcile the petty cash fund to \$550. As of June 30, 2021, the reconciled balance of the petty cash fund was \$656, which was neither the authorized amount nor the amount to which the County Attorney was attempting to reconcile.

Neb. Rev. Stat. § 23-1207(1) (Reissue 2012) states the following:

It shall be the duty of the county attorney, whenever he or she shall receive any money or other property in his or her official capacity, to give to the person paying or depositing such money or other property duplicate receipts, one of which shall be filed by such person with the county clerk.

Neb. Rev. Stat. § 23-106(2) (Reissue 2012) provides the following:

The county board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary general operational expenditures and purchases. Such county board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message.

Good internal controls and sound accounting practices require procedures to ensure that receipts are issued immediately for all money received by the County Attorney's office, and petty cash funds are maintained at the amount authorized by the County Board and stated accurately in the County Board's budget message.

Without such procedures, there is an increased risk for not only noncompliance with State statute but also loss or misuse of County funds.

We recommend the County Attorney implement procedures to ensure receipts are issued immediately for all money received by the County Attorney's office. We further recommend procedures are implemented to ensure petty cash funds are maintained at the amount authorized by the County Board and stated accurately in the County Board's budget message.

COUNTY SHERIFF

Accounting Procedures

During the audit, we noted that the County Sheriff remitted fees collected to the County Treasurer; however, this is contrary to State statute, which requires fees earned to be remitted.

Neb. Rev. Stat. § 33-117(3) (Reissue 2016) provides the following:

The sheriff shall, on the first Tuesday in January, April, July, and October of each year, make a report to the county board showing (a) the different items of fees, except mileage, collected or earned, from whom, at what time, and for what service, (b) the total amount of the fees collected or earned by the officer since the last report, and (c) the amount collected or earned for the current year. He or she shall pay all fees earned to the county treasurer who shall credit the fees to the general fund of the county.

(Emphasis added.) Sound accounting practices and good internal controls require procedures to ensure that all service fees earned by the County Sheriff are remitted to the County Treasurer, as required by law.

Without such procedures, there is an increased risk for not only noncompliance with State statute but also loss or misuse of County funds.

A similar comment was included in the prior-year report.

We recommend the County Sheriff implement procedures to ensure that all service fees earned are remitted to the County Treasurer.

COUNTY OVERALL

Segregation of Duties

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include a proper segregation of duties, so no one individual is capable of handling all phases of a transaction from beginning to end.

We noted that the offices of the County each lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

This was also noted in prior audits.

We recommend the County review this situation. As always, the County must weigh the cost of hiring additional personnel versus the benefit of a proper segregation of duties.

Board Response: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

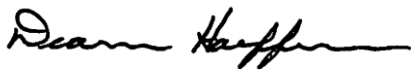
* * * * *

It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

A handwritten signature in black ink, appearing to read "Deann Haeffner", with a stylized, flowing script.

Deann Haeffner, CPA
Assistant Deputy Auditor